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Bill Number: House Bill 469 **Position:** Letter of Information
Title: Institutions of Postsecondary Education – Disorderly School Closures
Committee: House Appropriations Committee
Hearing Date: February 18, 2020

Bill Summary:

House Bill 469 authorizes the Secretary of Higher Education to require certain institutions of postsecondary education to refund all tuition and fees to certain Maryland students if the institution does not file all essential records of the academic achievement of a former student with the Commission in a certain manner. It also establishes that an institution that closes programs in a manner that is a disorderly closure is in violation of the enrollment agreement or other contract with a student enrolled at the time of the closure.

Information:

When a school closes in Maryland, MHEC is responsible for supporting students and providing a path forward. This legislation puts forth in statute the best practices regarding school closures and it provides enforcement mechanisms for student protections. Below are the practices that MHEC has implemented over the past several years that have demonstrated to be successful in supporting students. These practices are provided in House Bill 469.

Disorderly Closure

Schools – particularly private career schools – close for a variety of reasons: a lease ends or rent increases, lack of long-term sustainability, no student enrollment, bankruptcy, loss of accreditation or other non-MHEC approval (e.g., a licensing board), or other financial or operational reasons. MHEC unofficially categorizes school closures as “orderly” or “disorderly.” Orderly closures have typically meant that a school closes with no student enrollment or the school notifies MHEC in advanced, and the school is able to teach all remaining students to completion. Disorderly closures, in contrast, are often closures in which MHEC is not informed of the closure in a timely manner and students are still enrolled at time of closure. It is important to determine that nature (and, when possible, the cause) of a school closure so that MHEC can best support students.

Student Records

One of MHEC’s first priorities when a school closes is to obtain student records. These records are essential for transfer, refunds from the school or MHEC, and loan discharge requests to the US Department of Education. MHEC is the repository for student records for all closed schools and currently houses records for nearly 200 closed schools. Even after a school closure, these

records remain important to a student. On a daily basis, MHEC receives requests from students to obtain copies of their transcripts for either employment or further education.

Teach-out Agreements

If a school closes with students still enrolled, MHEC will work to identify existing programs (that are within a reasonable distance from the closed school) for which a student can complete their coursework. Over the past several years, MHEC has found teach-out agreements to be a useful tool to communicate with students regarding their options and to create transparency and equity for students impacted by a school closure who are interested in continuing their education. MHEC will enter into a teach-out agreement with institutions that have the same or similar programs. The teach-out agreement primarily outlines course-to-course transfer and cost to the student. It is important that the agreement is between an existing school and MHEC, not between the closed school and existing school; MHEC is unable to enforce the latter.

Refunds

Previous legislation has required for-profit institutions in Maryland to hold a bond or letter of credit equivalent to their non-title IV tuition liability. This bond is intended to provide non-title IV refunds to students who are enrolled at the time of closure. Since implementation, MHEC has found this mechanism useful in supporting students impacted by a school closure.

For further information contact Dr. Emily Dow, Assistant Secretary, Academic Affairs, 410-767-3041.